

Message Text

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PAGE 01 BUENOS 06662 072136Z

ACTION EB-08

INFO OCT-01 ARA-10 ISO-00 COME-00 TRSE-00 CIAE-00

INR-07 NSAE-00 /026 W

-----003368 080200Z /66

R 072030Z SEP 77

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 2126

LIMITED OFFICIAL USE BUENOS AIRES 6662

E.O. 11652: N/A

TAGS: EFIN, ECRP, AR

SUBJECT: CERP 0102 - 1977 BALANCE OF PAYMENTS FOR ARGENTINA

REF: BUENOS AIRES 2469

1. EMBASSY HAS OBTAINED COPY OF MINISTRY OF ECONOMY'S REPORT TO THE JUNTA WHICH INCLUDES LATEST BALANCE OF PAYMENTS PROJECTIONS FOR 1977 IN LIGHT OF A HIGHER THAN EXPECTED TRADE SURPLUS IN THE FIRST SEMESTER AND ANTICIPATED LARGER CAPITAL INFLOWS IN THE SECOND SEMESTER. THE BREAKDOWN IN MILLIONS US DOLLARS BY QUARTER AND FULL-YEAR IS THE FOLLOWING (FIGURES ROUNDED TO NEAREST INTEGER):

	QUARTERS				FULL-YEAR	
	I	II	III	IV		
CURRENT ACCOUNT	354	591	191	47		1182
MERCHANDISE BALANCE	379	685	229	74		1367
(A) EXPORTS	1260	1609	1196	1011		5077
(B) IMPORTS	-881	-925	-967	-937		-3710

NON-COMPENSATORY

CAPITAL MOVEMENTS -28 -111 412 98 371

INTERNATIONAL

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PAYMENTS 335 478 602 144 1560

(1) RESERVE -291 -440 -607 -58 -1396
 VARIATION (-: INCREASE)

(2) COMPENSATORY

MOVEMENTS -39 -35 4 -86 -155

(3) EXCHANGE

ADJUSTMENT -5 -3 0 0 -8

2. COMMENT: A COMPARISON BETWEEN THE ABOVE PROJECTIONS AND THE EARLIER ONES GIVEN IN REFTEL ARE STARTLING. AS A RESULT OF ARGENTINA'S EXTRAORDINARY EXPORT PERFORMANCE DURING THE FIRST SEMESTER, CURRENT ACCOUNT SURPLUS PROJECTIONS ARE ALMOST \$1 BILLION HIGHER THAN THEY WERE EARLIER. IN ADDITION, INSTEAD OF THE ANTICIPATED OUTFLOW OF CAPITAL IN THE SECOND SEMESTER, THE GOA NOW PROJECTS A SUBSTANTIAL SURPLUS, PARTICULARLY IN THE THIRD QUARTER --AN INDICATION THAT NEW CREDITS ARE EXPECTED TO MORE THAN OFFSET ANY OUTFLOWS DUE TO THE REMOVAL OF RESTRICTION ON REPATRIATION OF CAPITAL. SHOULD THE PROJECTIONS PROVE ACCURATE, ARGENTINA WILL HAVE AT YEAR-END RESERVES OF \$3.2 BILLION. ARGENTINA MAY NEED TO USE SOME OF THESE RESERVES FOR DEBT SERVICING IN 1978 IF, AS EXPECTED, ARGENTINA'S TRADE IS GREATLY REDUCED OR ELIMINATED NEXT YEAR. IN THE MEANTIME, THE SUCCESS OF THE EXTERNAL SECTOR WILL NO DOUBT CONTINUE TO GIVE THE CENTRAL BANK DIFFICULTIES IN ITS EFFORTS TO REDUCE INFLATIONARY PRESSURES CAUSED BY THE RAPID EXPANSION OF THE MONEY SUPPLY.
HIGGINS

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NNN

Message Attributes

Automatic Decaptioning: X
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Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: CERP, CERP 0102, BALANCE OF PAYMENTS
Control Number: n/a
Copy: SINGLE
Sent Date: 07-Sep-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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